United Nations A/AC.109/2102

General Assembly

Distr.: General
1 May 1998

Original: English

Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples

Cayman Islands

Working paper prepared by the Secretariat

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I. General

1. The Caymans Islands[1] are located some 180 miles west of Jamaica and about the same distance south of Cuba. They comprise three islands: Grand Cayman (76 square miles), Cayman Brac (some 90 miles to the north-east) (15 square miles) and the adjacent and largely undeveloped Little Cayman (11 square miles). In the last census, conducted in 1989, the total population was recorded as 25,355, the majority of whom live in Grand Cayman, with some 1,500 in Cayman Brac and some 30 in Little Cayman. The 1996 population estimate was 35,000.

2. Just over one half of the residents (13,202 or 52 per cent) reported in the 1989 census that they had been born in the Cayman Islands. The second most common country of birth was Jamaica, accounting for 4,829 residents. Overall, the cosmopolitan nature of the population is well illustrated by the fact that some 120 different countries of birth outside the Cayman Islands were recorded in that census.

II. Constitutional and political developments

3. The Minister of Community Development resigned in November 1997 after the Governor relieved him of his ministerial duties. His replacement, Ms. Julianna O'Connor-Connolly, the first woman minister in the Cayman Islands, will have among her responsibilities youth and women's affairs, sports and culture.[2]

4. Detailed information on the constitutional arrangements set out in the Cayman Islands (Constitution) Order, 1972, as well as in the Constitution Amendment Order, 1994, are contained in previous working papers prepared by the Secretariat (A/AC.109/1190, paras. 3-21, and A/AC.109/2013, para. 4).

5. In brief, under the revised Constitution of 1994, the Governor, who is appointed by the British monarch, is responsible for external affairs, defence, internal security and public service. The Governor is the Chairman of the Executive Council, which comprises three members appointed by the Governor and five members elected by the Legislative Assembly. Constitutionally, the Executive Council is responsible for the administration of government. The Legislative Assembly comprises three official members designated in the Constitution and 15 members elected by universal adult suffrage for a period of four years. Since 1991, a Speaker has been elected to preside over the Assembly.

6. The judicial system is based on British common law, certain British statutes and local statute law. The administering Power states that the independence of the judiciary is an integral component of the economic, social and political stability in the Cayman Islands. There are three levels of courts in the Cayman islands: the Summary Court, the Grand Court and the Cayman Islands Court of Appeal. Appeals from the Summary Court are heard by the Grand Court and appeals against Grand Court decisions go before the Cayman Islands Court of Appeal. The final right of appeal from a Grand Court decision is to the Privy Council in London, which does not deliver a decision, but advises the Secretary of State about the merits or otherwise of individual appeals. Unlike many other British Territories, lawyers in the Cayman Islands may both interview clients and appear on their behalf before the Grand Court (attorneys practise as both solicitor and barrister).

7. According to the administering Power, access to the courts is available to all without restriction and, under the Legal Aid Law, legal aid is available for all serious criminal offences to those unable to pay for their defence. Unfettered reporting by the press of criminal and civil proceedings in open court also bolsters the independence of the judiciary.

III. Economic, social and educational conditions

8. According to the administering Power, the economy of the Cayman Islands grew by 5.5 per cent in 1996, maintaining its position ahead of the world economic growth rate of 3.9 per cent, while inflation held to its lowest in 10 years. Similarly, the largest single source of government revenue, import duty collection, topped the previous year's record by some $10 million.

9. The national budget for 1997 was approximately $255 million (US$ 305 million) and the debt service payments for 1996 were 5.1 per cent of recurrent revenue, well below the recommended ceiling of 10 per cent.

10. Gross domestic product in the Cayman Islands, at US$ 1,012.4 million, increased by an estimated 5.5 per cent in 1996, and the financial services sector, supported by the Government's international advertising and promotional programme, continued its expansion during the year.

11. Inflation grew by 2.1 per cent, the lowest in the past 10 years, while the 4.9 per cent unemployment rate recorded in 1995 was the lowest since the 1989 decennial census of population and housing.

12. From the perspective of another key economic indicator, balance of trade, while Cayman has traditionally had an imbalance of "visible" trade, the export of services, mainly tourism and financial, continued to offset the deficit.

13. The 1998 budget puts expenditure at US$ 342 million, only US$ 1 million above revenue expectations of US$ 341 million. The expenditure total is an increase of 7.5 per cent over the 1997 figure of US$ 318 million, which in turn was 25 per cent up on 1996.[3]

14 The sister island of Cayman Brac was positioned as an emerging market. Late in 1996, the Government instituted special incentives to encourage investment on that island. Import duties on building materials have been removed, as well as stamp duty on some land transfers.

15. The number of job seekers registered with the Human Resources Department increased for the year and significantly outnumbered job vacancies registered by employers.

16. Key developments during 1996 were:

(a) The development of legislation establishing a labour relations board and a number of labour tribunals to assist in the resolution of formal labour-related complaints. This legislation came into effect in 1997;

(b) A systematic independent audit of gratuities collection and distribution at sample properties began in late 1996. At year end the results of the first audits were being analysed to determine appropriate action;

(c) Planning for an apprenticeship and ex-offenders training and employment programme began, with the implementation scheduled for early 1997. The programme aims to strengthen the skills of the workforce and to reduce the recidivism rate, especially among young offenders.

A. Agriculture, livestock and fisheries

17. Agricultural activities, limited by infertile soil, low rainfall and high labour costs, have nearly doubled over the past five years, with 10 large farms totalling over 100 acres now in service. Agricultural products include bananas, tomatoes, lettuce, honey, mangoes, citrus fruits, various vegetables and coconuts. Livestock rearing consists of beef cattle, poultry and pigs.

18. Turtle fishing, a traditional Caymanian occupation, is now strictly limited by a licensing system; the number of licences issued each year is outnumbered by the young turtles released into the sea from the Cayman Turtle Farm. This facility, owned and operated by the Government, is run now as a research station and tourist attraction. Fishing is mainly for lobster and shrimp.

B. Manufacturing

19. There is some light industry, encouraged by incentives legislation that has been in force since 1950. Products include building materials, jewellery, printing and furniture, as well as chemical processing. Approved manufacturing ventures are exempt from import dues.

C. Tourism

20. The tourist industry is the principal economic activity. Tourism remains buoyant, maintaining its share of the market with rising annual figures. In 1996 tourist arrivals topped the one million mark, and visitors spent an estimated $310 million. Total visitor arrivals in 1997 numbered 1,246,571, a 9 per cent increase over the then record figure of 1,143,313 set in 1996. The number of cruise ship passengers increased by 12.2 per cent to 865,383, while stayover visitor arrivals increased by a more modest 2.1 per cent to 381,188, of whom 278,665 (73.1 per cent) came from the United States of America. The 1997 total of arrivals was slightly more than double the 1990 figure of 614, 870. Spending by stayover visitors in 1997 was estimated at about US$ 456 million, with cruise-ship passengers adding another US$ 2 million.[4]

D. Construction

21. Construction was among the other sectors of the economy that performed well. Approximately $215 million of planned new construction investment was approved in 1996. Building construction activity increased in all areas, except for the commercial/industrial sector. The value of approved developments for the residential sector was $57 million; for the commercial and industrial sector, $53 million; and for the government sector, $12 million. New government projects in 1996 included the construction of the Health Services Complex and the Marco Giglioli Building, which houses the Department of the Environment.

Environmental Health, and the Mosquito Research and Control Unit; and road improvements.

22. A proposed US$ 210 million Ritz Carlton luxury hotel to be built by the Ryan Group of Canada was approved by the Government's Central Planning Authority. A decision to build a golf course with 250 luxury golf course villas and some 20 home sites on the North Sound lagoon was deferred pending an environmental impact study by the Ryan Group. Environmental groups have protested the project, claiming it would eliminate mangrove swamps and wetlands and would damage the marine environment in the North Sound.[5]

E. Financial matters

23. Among major developments for the financial industry was the establishment of the Monetary Authority, which consolidated the Supervision Department and the Currency Board. A key effect was to strengthen the regulatory regime. The newest addition to the range of financial services was the Cayman Islands Stock Exchange, which opened on 2 January 1997. Ten of Cayman's leading law and accountancy firms and mutual fund administrators became registered listing agents.

24. The financial sector grew strongly in 1997, with increased numbers of registered banks and trust companies, mutual funds, insurance companies, ship registrations and other company registrations all increasing. The Finance and Economic Development Ministry estimates the sector's contribution to GDP at CI$ 142 million (US$ 118 million) or 15.5 per cent.

25. Banking remains at the forefront and the insurance sector continued to enjoy an increase in the number of "captives" domiciled in Cayman. There are 29 domestic insurers. The Cayman Islands Government announced plans to introduce deposit insurance legislation in the aftermath of the closing of the foreign-owned First Cayman Bank amid reports of irregularities and a police investigation. Depositors in the Bank had demanded that the Government guarantee full repayment of their deposits.[6]

26. In yet another area, the mutual funds industry remains a major growth area with fee income in 1996 again exceeding expectations by a significant margin. A growing number of offshore companies continue to take advantage of Cayman's efficient and expert services.

F. Social security

27. The administering Power stated that although there had in the past been no social security scheme, including social insurance as such, the position would be subject to change in 1997. Under section 4 (1) of the National Pension Law of 1996, every employer in the Cayman Islands shall provide a pension plan or make contributions to a pension plan for every person employed by him in the Cayman Islands. The regulatory details of the arrangements will be finalized in the course of 1997.

28. In addition, financial assistance to indigent and elderly persons is available from the Social Security Services Department.

29. According to the administering Power, the principal laws designed to promote protection for women are the Age of Majority Laws, 1977; the Estates Proceedings Law, 1974; the Youth Justice Law, 1995; the Maintenance Law (Revised); the Marriage Law (1995 Revision); the Married Women's Property Law; the Matrimonial Causes Law (Revised); the Poor Persons Relief Law (Revised); the Sex Disqualification (Removal) Law; the Succession Law (1995 Revision); the Wills Law (Revised); and the Summary Jurisdiction (Domestic Violence) Law, 1992.

30. According to the administering Power, the aim and effect of legislation and action by the Government in those areas is to create a society in which individual effort is rewarded while a cushion is provided – often with voluntary help – for the less fortunate.

31. Hence, although there are no housing grants, there is a government-sponsored scheme under which long-term mortgages are being provided for low-cost homes at low interest rates.

32. The Department of Social Services provides a full range of social work services. These include financial assistance for the care of mothers and young children, advocacy for this vulnerable section of the population and operation and staffing of two children's homes, one for boys and one for girls, each with 12 places, as well as a foster-care programme. The children's homes were both provided as a result of public fund-raising efforts.

G. Maternity protection

33. According to the administering Power, under the Health Services (Fees) Regulations of 1975, contraceptive services are provided free of charge, in addition to free

antenatal service, which is already being provided to all residents irrespective of nationality.

34. The Labour Law provides for 12 weeks' mandatory maternity leave in a year, after 12 months of service, of which four weeks will be paid leave. The leave entitlement is on a pro rata basis for workers with less than 12 months of service. The General Orders (which regulate terms and conditions of employment in the civil service) have been amended to provide for 12 weeks of maternity leave to women in the civil service who have completed 12 months of service.

H. Protection of children and young persons

35. The Youth Justice Law of 1995 is considered the main instrument in this area. In addition, other relevant laws are the Adoption of Children Law (Revised); the Education Law of 1993 and the 1971 regulations; the Guardianship and Custody of Children Law (Revised); the Juveniles (Joint Trials with Adults) Law; and the Legitimation Law (Revised).

36. The Education Law provides for the compulsory medical inspection of all schoolchildren. Children who, for whatever reason, are separated from their mothers may be placed in voluntary care with foster parents in one of the two residential care facilities in the Cayman Islands. Adoption overseas is an alternative as a last resort. Delinquent minors are also accommodated in the two children's homes or with foster parents.

37. A school for disabled children, founded in 1975 as a volunteer project, is now operated by the Government. In addition, the Government has established the Sunrise Adult Training Centre, which teaches life skills and crafts, mostly ceramics, to disabled adults.

38. Measures to protect children and young persons from exploitation are provided by the Juvenile Law. The National Council for Social Services, a voluntary body subsidized by the Government, runs a number of pre-school facilities and gives support in various ways to the children of broken homes.

39. The Youth Justice Law, in particular sections 42 to 46, places restrictions on the employment of children. The school-leaving age is 15 years and 9 months.

I. Employment

40. Given the Islands' buoyant economy and generally full employment situation, which provides one of the highest standards of living in the region, the Government has seen no need to legislate specifically on the achievement of an adequate standard of living.

J. Right to adequate food

41. The administering Power stated that the Government of the Territory had also seen no need to legislate on the right to adequate food, preferring the practical course of extending the already wide range of basic foodstuffs exempt from the import duty tariff, which provides much of its revenue. The list of duty-free imports now includes milk, rice, raw sugar, wheat flour, potatoes, all poultry, salt beef, salt fish, cheese, coffee and corn meal.

42. Through the Department of Agriculture, the Government has continued to extend its programmes to encourage the reduction of the Islands' dependency on imported food. All agricultural equipment and supplies are admitted free of import duty, as are pure-bred livestock (cattle, goats and chickens) brought in by the Department for local farmers as part of the drive to upgrade the Islands' livestock. Bulls' semen is also imported and is successfully used in upgrading and expanding local cattle herds. Within the restrictions of land quality and water supply, emphasis is being placed on innovative technology, including the use of hydroponics and irrigation schemes, to increase production. The Government has undertaken to ensure the future development of the agricultural sector and, to that end, has adopted a five-year development plan for the sector.

43. The Department's experimental farm continues to test different varieties of plants and growing methods and the results are reported to district meetings of farmers arranged in cooperation with the local agricultural society.

44. To protect groundwater resources and prevent degradation due to over-pumping or saltwater intrusion, the abstraction of water is regulated under the Water Authority Law of 1982 and its regulations of 1985. Lectures and farm visits by department staff are used to disseminate knowledge and advice on food production and conservation.

45. The Government has hired an agronomist to advise on new techniques of food production and has opened a new farmers' market for the marketing of local produce. The market is leased by the Cayman Islands Farmers'

Cooperative and managed by a government-employed agricultural marketing officer.

46. According to the administering Power, knowledge of the principles of nutrition is disseminated through social education in schools, by public health nurses in government health centres and through articles in the local press. Educational programmes on nutrition are organized through the hospital nutritionist.

K. Right to adequate clothing

47. According to the administering Power, no laws have been considered necessary to ensure the right to adequate clothing. In a tropical climate such as that of the Cayman Islands there is little, if any, problem over the provision of clothing. Although none is produced commercially on a large scale in the Islands, adequate clothing is available to all. Distribution of clean used clothing to needy families is undertaken by voluntary bodies such as service clubs. The Department of Social Services provides free school uniforms and other clothing to children in foster care or in the children's homes as well as to other children whose families are financially unable to provide adequate clothing for them.

L. Right to housing

48. According to the administering Power, no law proclaims a right to housing, but the Housing Development Corporation Law of 1981 provides for the promotion of housing development.

49. There is a building code that includes provisions to meet earthquake and hurricane hazards and other public safety concerns. An electrical code and plumbing policies have been established, including licensing and inspectorate provisions.

50. In its report, the administering Power also stated that a programme for the improvement of substandard tenanted housing had begun in 1990 in Grand Cayman. A public piped-water supply covers most of the Grand Cayman, thus greatly reducing the health risks associated with using groundwater underlying heavily populated areas. Plans are in hand to provide a piped-water supply to the smaller island of Cayman Brac. The development of groundwater resources and the establishment of two reservoirs in rural districts has also improved the supply.

51. The administering Power added that the provisions of sanitary facilities for indigents, a rodent control programme and the extension of refuse collection services have all contributed to the improvement of sanitary conditions. There are regulations governing the collection and disposal of infectious wastes.

52. The Public Health Law of 1991 contains provisions covering such matters as the suppression and prevention of illness and the treatment of sexually transmitted diseases. Other relevant laws are the Health Services Law and the Mental Health Law.

M. Public health

53. According to the administering Power, the stillbirth rate and the infant mortality rate are both very low. Among factors contributing to their reduction are the provision of free antenatal and postnatal care, improved immunization coverage (now 90 per cent) for infants and health education for schoolgirls and mothers.

54. The administering Power stated further that health information was disseminated through social education in the schools. The school health programme has been intensified to include medical inspections and health screening for all schoolchildren. A family life education curriculum has been introduced at all levels of the school system. This includes segments on drug problems and on acquired immunodeficiency syndrome (AIDS). A health educator has been secured on a two-year contract. Under her guidance, public education programmes will be intensified. All outpatient services at government hospitals continue to be free of charge to all schoolchildren.

55. The administering Power adds that the Public Health Law of 1981 provides basic coverage in the areas of water quality, nuisance abatement, offensive trades, prevention or suppression of disease, solid waste management and rodent control. Some administrative and programme changes have been introduced in order to strengthen environment health activities, with emphasis on water quality, surveillance, sanitation, solid waste management and rodent control. Cooperation and consultation among government departments has led to better monitoring of the environmental effects of large-scale developments. A technical committee advises government bodies when required.

56. According to the administering Power, there has been a steady growth of vaccination programmes aiming at the target of having every infant protected against poliomyelitis, diphtheria, whooping cough, tetanus, tuberculosis, mumps and rubella. Vaccines are available through the hospitals and

district health centres. A notification and surveillance system guarantees that appropriate steps are taken to control any epidemic. Incidence of communicable disease is very low and the necessary facilities are available for the management of those few cases which occur. Traffic accident prevention measures include lowering of speed limits and their active enforcement. Through the media, public education is carried out on the use of seat belts for drivers and of safety seats for infant passengers and on the dangers of mixing driving with alcohol or drug abuse.

57. Two hospitals and four health centres put medical care within reach of all residents of the three islands. In the district health centres, public health nurses provide primary care and doctors visit on a regular basis to provide medical care. A radio control system ensures quick dispatch of ambulances to any accident and hospitals are equipped to deal with most trauma cases. In exceptional cases, an air ambulance takes victims overseas for treatment. The expenditure on health and medical services in 1994 was CI$ 12.6 million, with a further $2.2 million in local currency for overseas medical services.

58. In 1990, the Government accepted a policy document for the planning of health delivery systems in the Cayman Islands. The government services are complemented by a wide range of private practitioners. Those who cannot pay the charges at the government facilities can obtain free care through the social services.

The following are 1996 statistics:

Number of hospitals	2
Number of hospital beds	77
Admissions	4 628
Discharges	4 631
Live births	560
Deliveries	565

N. Education

59. According to the administering Power, in addition to the privately operated educational institutions in the Cayman Islands, the Government maintains, entirely at public expense, nine primary, one middle, two secondary schools and a special school for mentally or physically disabled pupils (units for those with impaired hearing or sight form part of the primary school).

60. The administering Power added that scholarships for the pursuit of higher education were available from the Government to applicants who possessed four or more General Certificate of Secondary Education passes. The amount provided for scholarships in the budget for 1994 is CI$ 8.7 million in total. A student soft loan scheme has also been made available by the Caribbean Development Bank for the pursuit of vocational, technical or professional studies overseas. Teacher training is carried out by the Education Department.

61. According to the administering Power, the Education Law of 1983 established free compulsory education for all children between 5 and 16 years of age. Education is in fact available at public expense to all children from the age of three years and nine months, should their parents desire it. The law also established an Education Council comprised of 12 members to promote education and the development of schools.

62. The regular attendance of school pupils is required by law. Parents whose children fail to attend without lawful excuse are liable to fines. All children who reside in the outer districts are transported free of charge to the capital, George Town, to attend the middle, secondary or special schools. Children from indigent families are provided with free lunch at government expense at their school of attendance.

63. The middle school was constructed in 1979 and phase one came into operation in September of that year. Phases two and three were constructed in 1980 and 1989 respectively.

64. The secondary schools are fully staffed by professionally qualified teachers. Among courses available to secondary school students are a range of vocational and technical courses, including carpentry, automobile mechanics, technical drawing, computer science and secretarial studies.

65. Non-denominational religious instruction is required to be given in every government school.

66. Physical education is among the "core" school subjects. Every child has at least 80 minutes of physical education every week. This is supplemented by numerous after-school extracurricular sports activities. Several competitions catering for the athletic abilities of the young child are organized.

67. According to the administering Power, a total of 271 teachers are employed in the public education system. The ratio of teachers to pupils at primary school level is 14:3, at the middle school level 11:6 and at the secondary school level 7:6.

68. The Government maintains, by grant funds covering operating expenses, a community college, which was established by the Community College of the Cayman Islands Law of 1987. The College, which is under the management of a Board of Governors, offers a variety of evening courses (vocational or technical, academic or recreational), as well as full-time or part-time courses during the day. There are four departments: technology, hospitality, business studies and general studies. Its particular role is to provide educational opportunities for adults and others who have for whatever reason been excluded from the mainstream of higher education. Assistance is provided for a number of in-service training activities in the public sector.

69. In addition to the educational institutions provided by the Government, there are six primary schools and five small secondary schools maintained by recognized churches. The Government gives annual grants and other assistance.

IV. Future political status

A. Position of the administering Power

70. On 4 February 1998, the Secretary of State for Foreign and Commonwealth Affairs, Mr. Robin Cook, in a speech before the Dependent Territories Association in London, announced that in his first months as Foreign Secretary he had set in hand a review of the United Kingdom's stewardship of the Dependent Territories.

71. A "modern partnership" with the United Kingdom's Dependent Territories would be based on the following principles:

(a) The right of self-determination was paramount; the United Kingdom had granted independence where it had been requested at the same time that it remained committed to those Territories which wished to retain the British connection. The United Kingdom had asked the Governments of the Territories whether they wished to see any fundamental changes in the constitutional relationship and the answer had been unanimous that they wished to retain the link with the United Kingdom;

(b) The Government of the United Kingdom would fulfil its responsibilities for the Territories that wish to retain the British connection; those responsibilities included looking after the Territories' fundamental interests, to ensure that they are democratic and politically stable and to promote good governance and prosperity;

(c) The Dependent Territories would run their own affairs as much as possible, their democratically elected Governments having the right to govern, to be consulted by the United Kingdom on any constitutional changes affecting them and to propose changes of their own. The United Kingdom respected the wishes of the Territories to elect their own Governments and be represented by them. The United Kingdom acknowledged and applauded the Territories' record of achievement in running their own affairs;

(d) The United Kingdom should provide assistance to those Dependent Territories which needed it, both to help them achieve economic development and to meet the needs of emergencies. The United Kingdom had spent over £200 million in development assistance to the Territories since 1990. The United Kingdom Government's White Paper on Development established that the needs of the Territories would continue to have the first call on the development budget.

72. Against the background of the four principles enumerated above, the Foreign Secretary described five key issues that merited attention: the framework for partnership, citizenship, financial regulation, human rights and the name of the partnership.

73. Regarding the framework for partnership, the proposal would be to bring together the responsibility for the Dependent Territories and all the expertise that goes with it, currently split between several departments within the Foreign and Commonwealth Office, so that there would be a single focus for the Dependent Territories. The Foreign and Commonwealth Office and the Department for International Development have agreed to set up a joint department to handle the Dependent Territories and ensure the most effective possible delivery of aid to the Territories. The department would be a direct point of contact between the Dependent Territories and the British Government.

74. In the Foreign and Commonwealth Office, Baroness Symons would become the Minister for the Dependent Territories, and would be responsible for ensuring that the process of modernization was carried out. A key task would be to create a stronger, more structured dialogue between the United Kingdom and the Dependent Territories at all levels. The Minister would convene an annual Dependent Territories Council, which would provide a forum for the Chief Ministers and Councillors to raise their concerns directly with the Minister.

75. On the issue of citizenship, the possibility was being explored of granting British citizenship to the citizens of those Dependent Territories where full United Kingdom citizenship was not at present available, that is, all except Gibraltar and the Falkland Islands (Malvinas). Consultations on the matter were ongoing.

76. With respect to financial regulation, the proposal would envisage the Dependent Territories putting in place a comprehensive set of financial legislation to the highest international standards, in particular to avoid the risk of Territories becoming channels for money-laundering or for the concealment of the profits of crime. A check-list of measures to be put in place by the end of 1999 would include a package of regulatory legislation that fully met recognized international standards; comprehensive measures to combat money-laundering, which would extend to all financial institutions and be sufficiently thorough to allow checks to be made on companies incorporated in the Dependent Territory but based elsewhere; legislation to allow the Dependent Territories to cooperate fully with overseas investigations; and licensing and regulatory regimes for all financial activity that create a level playing field between the Dependent Territories.

77. Another element of the plan would be for every Dependent Territory with a financial services industry to have the structures they need to regulate their industry effectively for themselves. The Secretary for Foreign and Commonwealth Affairs announced that he would be writing to all the Chief Ministers in the Territories asking them to ensure that their regulatory authorities were genuinely independent, if necessary through "ring-fenced" funding from an industry levy. Independent regulatory authorities free from business or political interference would be responsible for monitoring how the regulations were being applied and for publishing an annual report on their activities. Another financial issue on which reform was proposed would concern borrowing by Dependent Territories. In accordance with the plan, Territories would have to seek clearance from the British Government for official borrowing above a certain threshold, which would be set following consultation with them. Individual arrangements for each would take into account their different financial strengths and weaknesses.

78. With regard to the issue of human rights, the proposal envisaged that those Territories which chose to be British must abide by the same basic standards of human rights, openness and good government that the United Kingdom upheld. The Territories' legislation would also have to comply with the same international obligations to which the United Kingdom was subject, such as the European Convention on Human Rights and the United Nations international conventions. In that connection, the Foreign Secretary pointed out that "the British Government opposed the use of judicial corporal punishment and that it would be desirable that all the Dependent Territories shared the British position on both the death penalty and on judicial corporal punishment.

79. The Foreign Secretary indicated that the denomination of the Dependent Territories would be changed to reflect the concept of a modern partnership. The new name that had now been agreed upon was "United Kingdom Overseas Territories".

80. The next stage, according to the Foreign Secretary, would be to work out the details of the package. Officials of the Foreign and Commonwealth Office would work on this with other government representatives of all the Overseas Territories. In the light of those consultations a white paper describing in full the modernized partnership and the action that would need to be taken to create it would be brought before Parliament.

81. In concluding, the Foreign Secretary stated:

> "I believe that if we can together implement the reforms I have outlined, then we will have a modernized, strengthened partnership between Britain and her Overseas Territories. We will have a partnership based on mutual trust and respect. We already have a firm basis from the past, founded on centuries of shared history. Now I offer a stronger basis for our partnership for the future, as together we face a new millennium."

B. Action by the General Assembly

82. On 10 December 1997, the General Assembly adopted, without a vote, resolution 52/77 B, section V of which concerns in particular the Cayman Islands.

Notes

[1] The present working paper is based on information provided by the administering Power under Article 73 *e* of the Charter of the United Nations, as well as from public published sources.

[2] *Caribbean Insight*, December 1997.

[3] *The Economist Intelligence Unit*, April 1998.

[4] *Caribbean Update*, March 1998.

[5] Ibid., February 1998.

[6] *Caribbean Insight*, November and December 1997.